

## Research Briefing

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# Great British Energy Bill 2024- 25

## Summary

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## Summary

The [Great British Energy Bill 2024-25](#) was introduced to the Commons on 25 July 2024. The second reading of the bill is scheduled for 5 September 2024.

The government has published an [explanatory note](#) (PDF) and [impact assessment](#) (PDF) alongside the bill.

## Why is the bill being introduced?

The bill includes provisions to create a new company, [Great British Energy \(GBE\)](#). GBE would be a publicly owned energy company designed to drive deployment of low-carbon, ‘clean’ energy (meaning energy not derived from fossil fuels).

GBE is part of the government’s [mission to make the UK a clean energy superpower](#) and to decarbonise the electricity grid by 2030, which was included in its [manifesto for the 2024 general election](#). The government also sees GBE as a means of increasing energy independence and reducing the UK’s exposure to volatile international fossil fuel markets, and to return a profit for the benefit of UK taxpayers and communities.

## What would GB Energy do?

GBE would participate in: the production, distribution, storage and supply of clean energy; the reduction of greenhouse gas emissions; improvements in energy efficiency; and measures to ensure the security of the UK’s energy supply.

GBE would achieve these objectives by partnering with the private sector in mature low-carbon technologies such as wind, solar and nuclear energy. It would also co-invest with the private sector in less mature technologies such as floating offshore wind, carbon capture, tidal power and hydrogen to help de-risk and develop these technologies.

GBE would engage in project investment, including upfront project development, and owning, managing and operating all, or part, of the projects it invests in. GBE would also partner with local and combined authorities, and community energy groups to roll out small and medium-sized renewable energy projects. In particular, GBE would work with the Crown Estate on project development through a new division called ‘Great British Energy: The Crown Estate’. In addition, GBE would aim to build supply chains

and create jobs in the clean energy sector. GBE would not act as an energy retailer selling energy directly to consumers.

GBE would be provided with an initial £8.3 billion over the course of the current Parliament. The government expects that this funding, along with £7.3 billion provided to a new National Wealth Fund, would signal commitment to these technologies and help to bring in private investment.

## Provisions in the GB Energy Bill

The bill includes provisions that designate GBE as a company. It would be operationally independent of government with its own CEO and board of directors. GBE would be wholly owned by the Secretary of State for Energy Security and Net Zero but would not have Crown status, meaning GBE will not enjoy any status, immunity or privilege of the Crown.

The bill would require GBE to set out its objectives and for the Secretary of State to agree its strategic priorities and plans, which would be laid before Parliament. The bill also includes provisions for the government to provide GBE with financial assistance.

GBE would be headquartered in Scotland, although the final location has yet to be announced. The bill would extend to the whole of the United Kingdom.

## Stakeholder reactions

Reactions to the bill have been largely positive. Industry representatives have stated that GBE would help bring confidence to the market and unlock private investment, provided that it complemented the investment and expertise of the private sector.

However, some have raised concerns that the amount of funding GBE would initially receive would not make a significant difference given the scale of the challenge to decarbonise the energy system.

The importance of working with local communities has also been highlighted as a vital component of GBE.

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# 1 Background to the bill

The [Great British Energy Bill](#) includes provisions to create a new, publicly owned energy company, Great British Energy (GBE).

GBE would be owned by the government but operate independently. The main objective of GBE would be to engage in the production, distribution, storage and supply of clean energy.<sup>1</sup>

The bill will have its second reading in the Commons on 5 September 2024.

## 1.1 Energy market context

The energy market in the UK is split into companies that carry out different functions. This includes:

- Developers that build the energy infrastructure to generate electricity or produce primary fuels.
- Operators that own and manage energy infrastructure such as electricity generators or fuel production facilities.
- Suppliers, or retailers, that buy energy from generators and sell it to end users.
- Network operators that transport electricity or other fuels between where it is produced and where it is used.
- Finance companies that invest in the development of energy infrastructure.

Many companies within the energy market operate across different functions such as generation, transmission and retail, and are described as ‘vertically integrated’. Central, devolved and local governments are also involved in the energy market through financial support mechanisms, the planning system and policy strategies.

The Library briefing [Introduction to the domestic energy market](#) (April 2024) provides an overview of the energy system. The government also publishes an [annual report on UK energy system statistics](#).

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<sup>1</sup> [Explanatory Notes to the Great British Energy Bill 005 2024-25](#) (PDF), para 1

## 1.2

# Challenges for UK energy policy

Energy policy in the UK faces three main challenges:

- **Sustainability:** the expected impacts of climate change require a global reduction of greenhouse gas emissions that come mainly from the energy system. The UK has a [legal commitment to reach net zero emissions by 2050](#). The energy system must also limit its emissions of other harmful pollutants.
- **Affordability:** energy is a necessity for society that must be affordable for citizens to enable them to stay warm, cook food and access the full range of modern services.
- **Security of supply:** the supply of energy must maintain a high level of reliability as interruptions to the supply would have serious implications for the functioning of society.

## Sustainability

The UK's energy supply is dominated by fossil fuels, which meet approximately 78% of its demand.<sup>2</sup> This is mainly split between natural gas for heating and electricity, and petrol and diesel for transport.

Low-carbon, 'clean' energy technologies are mainly used for generating electricity. These include renewables and nuclear power. The proportion of low-carbon sources of energy is increasing, particularly for electricity (where low-carbon sources accounted for 56% in 2022).<sup>3</sup> Electricity only met around 18% of total energy demand in the UK in 2022, although its role is expected to increase with the adoption of technologies such as heat pumps for heating and electric vehicles.

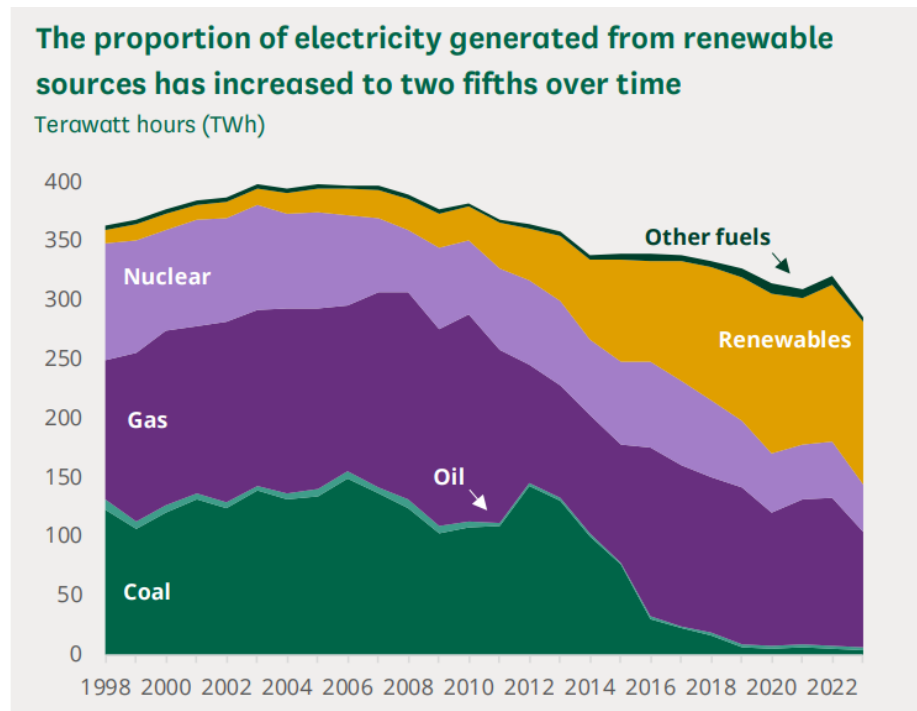
The UK's changing electricity mix is shown in the graph below, with a reduction in the use of coal and an increase in the use of renewables.

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<sup>2</sup> DESNZ, [Digest of UK Energy Statistics \(DUKES\) 2023](#), 27 July 2023

<sup>3</sup> DESNZ, [Digest of UK Energy Statistics \(Dukes\): electricity](#), 27 July 2023





Source: DESNZ, [Energy Trends: UK electricity](#), ET 5.1

The Library briefing [The UK's plans and progress to reach net zero by 2050](#) (November 2023) provides an overview of the UK's progress towards net zero.

The government's main policy for supporting large-scale low-carbon energy is the Contracts for Difference (CfD) scheme. This provides a guaranteed revenue stream, funded by a levy on all energy suppliers, for low-carbon energy projects that are successful in winning CfD contracts at annual auctions. Further details of the CfD scheme can be found in the Library briefing [Contracts for Difference Scheme](#) (October 2023).

## Affordability

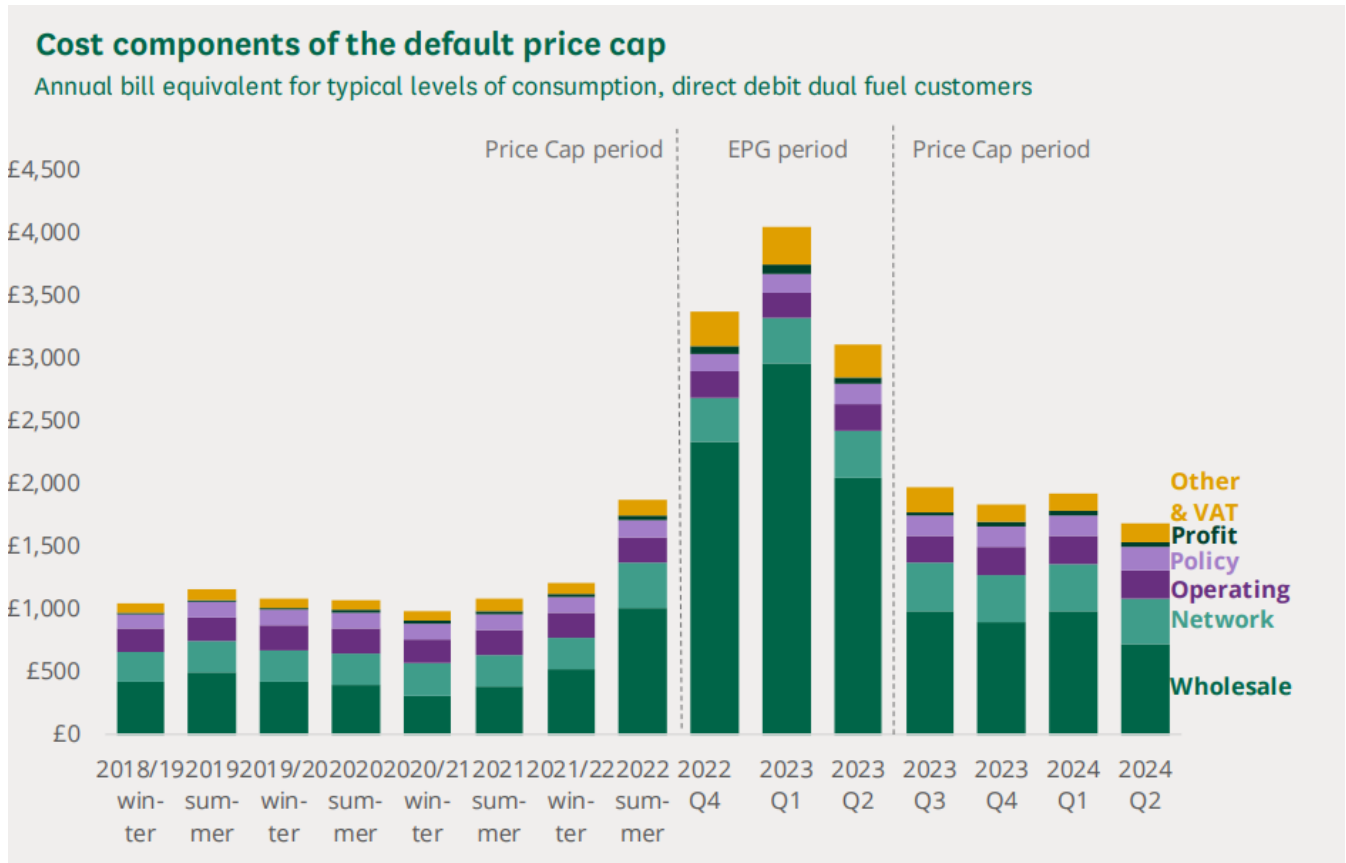
Consumer energy bills comprise a variety of costs. The wholesale cost of gas and electricity make up the largest part of an energy bill. Other costs include network costs, social and environmental policy costs, supplier operating costs and margin, and taxes.

Energy bills have been a focus for government policy as there have been concerns about households in fuel poverty, and whether the energy market is operating effectively and competitively. From 2019, the government introduced a "price cap" on the unit costs of energy to try to protect consumers from inflated bills. The Library briefing on [Energy bills and the price cap](#) (September 2022) provides further information.

Energy bills spiked, both in the UK and globally, from 2022 following the loosening of restrictions relating to the covid-19 pandemic (which increased demand for energy), and the Russian invasion of Ukraine (which reduced the supply). The government introduced several additional measures to support consumers, including an Energy Price Guarantee (EPG). The Library briefing

[Gas and electricity prices during the “energy crisis” and beyond](#) (28 May 2024) provides further information.

The chart below shows how the different components of a bill have changed over time.<sup>4</sup> Much of the peak shown was not paid by consumers as bills were capped by the EPG.



Source: Ofgem, [Energy price cap levels 1 April to 30 June 2024](#).

## Security of supply

The recent spike in energy prices also highlighted the global nature of energy supply chains and potential impacts on the security of UK energy supplies.

In a [statement to the Organization for Security and Co-operation in Europe](#) (OSCE) in July 2023, the UK Government delegate said:

Putin’s invasion exposed mainland Europe’s over-dependence on Russian gas, with implications for affordability and security. [...] That is why the UK has worked with international partners to ban imports of Russian coal, oil, and liquefied natural gas. Reducing exposure to volatile oil and gas prices and

<sup>4</sup> Graph notes: These are costs for a typical domestic fuel bill paid by direct debt. “Other” includes direct debit uplift, adjustment allowance and headroom. “Operating” includes smart meters costs. “Profit” is earnings before interest and tax (EBIT)

Russian energy market manipulation depends on a faster transition to renewables and nuclear.<sup>5</sup>

The [Parliamentary Office of Science and Technology \(POST\) briefing on Energy security](#) (August 2022) notes that there are different components of energy security including availability, accessibility and affordability. In practice, the UK has a high level of security of supply, with failures more likely to be caused by equipment failures or weather-related events than by fuel shortages or a lack of electrical generating capacity. However, the POST briefing suggests that the ‘energy transition’ (the process of increasing the amount of energy produced by sustainable sources and reducing the reliance on fossil fuels) may introduce additional energy security risks. These could include challenges related to the integration of large amounts of intermittent sources of electricity (mainly wind and solar), lack of investment, shortages of skills or critical materials, and cyber-attacks.

The primary policy support mechanism for energy security of supply is the [Capacity Market](#). This provides payments, funded by payments from electricity suppliers, for reliable sources of electricity-generating capacity to ensure there is sufficient power when needed. Contracts are awarded by government at yearly auctions with the national electricity system operator, National Grid ESO, determining the amount of capacity that needs to be procured to ensure an adequate security of supply.

## 1.3

## Labour manifesto commitments

In its [2024 election manifesto](#), Labour committed to making the UK a “[clean energy superpower](#)”. This was one of five “[missions to rebuild Britain](#)”.<sup>6</sup> The Labour manifesto set out how it plans to achieve this aim.<sup>7</sup> In addition to GBE, some of the main elements were:

- Clean power by 2030

This is a commitment to have a zero-carbon electricity system by 2030. It includes targets to double electricity generation from onshore wind, triple solar power, and quadruple offshore wind, along with investment in carbon capture and storage, nuclear energy, hydrogen, marine energy, and long-term energy storage.

- Warm Homes Plan

The Warm Homes Plan will offer grants and low-interest loans to support investment in home energy efficiency improvements, such as insulation

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<sup>5</sup> Foreign, Commonwealth and Development Office, [Russia's war is impacting energy security: UK statement to the OSCE](#), July 2023

<sup>6</sup> Labour, [Mission-driven government](#)

<sup>7</sup> Labour, [Make Britain a clean energy superpower](#) (2024) (pdf)

and other improvements such as solar panels, energy storage batteries and low-carbon heating.

- Market reform, green jobs and investment

Labour intends to introduce a tougher system of regulation for energy markets. This will include a reduction in standing charges and automatic customer compensation for failures.

Labour also sees the national grid as an obstacle to the deployment of clean energy and intends to work with industry to upgrade the national transmission infrastructure.

Working with businesses and trade unions, Labour aims to rebuild supply chains and create new export markets. This will include a British Jobs Bonus, allocating up to £500 million per year from 2026 to companies that offer good jobs and manufacturing facilities in the UK.

## 1.4 Energy policies since forming a government

### Labour priorities for the Department of Energy Security and Net Zero (DESNZ)

Following the general election in July 2024, Ed Miliband was appointed as Secretary of State for Energy Security and Net Zero and, on 8 July 2024 he set out his priorities for DESNZ. The department, he said, would be leading the mission “to make Britain a clean energy superpower with zero carbon electricity by 2030, and accelerating our journey to net zero”.<sup>8</sup>

The Secretary of State announced that the priorities would be:

- Delivering our mission to boost energy independence and cutting bills through clean power by 2030.
- Taking back control of our energy with Great British Energy
- Upgrading Britain’s homes and cutting fuel poverty through our Warm Homes Plan
- Standing up for consumers by reforming our energy system
- Creating good jobs in Britain’s industrial heartlands, including a just transition for the industries based in the North Sea

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<sup>8</sup> Department for Energy Security and Net Zero, [Energy Secretary Ed Miliband sets out his priorities for the department](#), 8 July 2024

- Leading on international climate action, based on our domestic achievements.<sup>9</sup>

## Mission Control to deliver clean power by 2030

On 9 July 2024, the government announced that Chris Stark, former chief executive of the Climate Change Committee, had been appointed a head of a [new Mission Control tasked with delivering clean power by 2030](#).

The press release stated the new body will:

work with key energy companies and organisations including the regulator Ofgem, the National Grid and the Electricity System Operator to remove obstacles and identify and resolve issues as they arise. This will speed up the connection of new power infrastructure to the grid, and cleaner, cheaper power to people's homes and businesses.<sup>10</sup>

Its activity will focus on setting and tracking progress towards decarbonising the electricity grid by 2030, monitoring progress of critical infrastructure projects, and acting as an innovation centre.

## Energy bills in the Kings Speech

The Kings Speech on 17 July 2024 included several bills with relevance to the energy sector, details of which can be found in the [King's Speech 2024: background briefing notes](#). In addition to the Great British Energy Bill, the energy relevant bills were:

- National Wealth Fund Bill: a bill to establish the National Wealth Fund, which the government will provide with an additional £7.3 billion and make investments across every part of the country.
- Planning and Infrastructure Bill: a bill to reform the planning system, aiming at speeding up and streamlining the process to build more homes and accelerating the delivery of major infrastructure projects in alignment with industrial, energy, and transport strategies.
- Crown Estate Bill: a bill to modernise the Crown Estate by removing restrictions on its activities, widening its investment powers and giving it the powers to borrow in order to invest at a faster pace, including in marine investment (intended to help quadruple offshore wind capacity by 2030).
- Sustainable Aviation Fuel Bill: a bill to create a revenue-certainty mechanism for the construction of sustainable aviation fuel (SAF) manufacturing plants in the UK.

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<sup>9</sup> Department for Energy Security and Net Zero, [Energy Secretary Ed Miliband sets out his priorities for the department](#), 8 July 2024

<sup>10</sup> Gov.uk, [Chris Stark to lead Mission Control to deliver clean power by 2030](#), 9 July 2024

## 1.5

## Public finance for investment in energy

Energy infrastructure in the UK is largely funded by the private sector. At present, the UK Government does not directly invest in renewable energy. The government does manage schemes, such as the [Contracts for Difference](#) scheme to provide revenue certainty for renewable developers. These schemes are paid for through a levy on energy suppliers which is passed on to consumer energy bills, rather than centrally through taxation.

While low-carbon infrastructure has been increasing with the proportion of energy from renewable sources, various estimates have suggested that investment would need to grow to meet the UK's net zero targets.

The Climate Change Committee (CCC, the government's independent advisory body for climate change) report [The Sixth Carbon Budget: The UK's path to Net Zero](#) (December 2020) stated that an additional £50 billion per year would be needed:

The Balanced Pathway to deliver our recommended Sixth Carbon Budget involves a large sustained increase in investment, adding around £50 billion annually by 2030 (compared to current economy-wide investment of nearly £400 billion). The largest increases are for low-carbon power capacity, retrofit of buildings and the added costs of batteries and infrastructure for electric vehicles.<sup>11</sup>

The CCC considered that much of this could be delivered by the private sector:

This required increase in investment can, and should, be delivered largely by the private sector. It is well within the range of historical changes in UK total investment. The sectoral increases have broadly been seen before, for example, in the transport sector as car-buyers shifted towards larger cars, in the power sector as renewable investment increased in the last decade, and in the housing sector as spending on refurbishments increased. It can be financed at low cost if policies are constructed to give long-term clarity to consumers and confidence to investors.<sup>12</sup>

The Office for Budget Responsibility (OBR) [Fiscal risks report – July 2021](#) built on the CCC's report, and argued that the public sector should bear a quarter of the total requirement:

The CCC puts the cumulative investment cost for the whole economy between now and 2050, plus the operating costs of emissions removals, at £1.4 trillion in 2019 prices. The Government has not said how much of that cost it expects to bear. Our scenario assumes that public spending meets around a quarter of it. When combined with savings from more energy-efficient buildings and vehicles, the net cost to the state is £344 billion in real terms. But spread across three decades, this represents an average of just 0.4 per cent of GDP a year.<sup>13</sup>

<sup>11</sup> CCC, [The Sixth Carbon Budget: The UK's path to Net Zero](#), December 2020

<sup>12</sup> CCC, [The Sixth Carbon Budget: The UK's path to Net Zero](#), December 2020

<sup>13</sup> Office for Budget Responsibility (OBR), [Fiscal risks report](#), July 2021

In 2023 the OBR updated its [forecasts of the impact on the public finances of meeting net zero](#). Its central estimate was that the net fiscal cost would be around £20 billion a year on average (in today's prices).<sup>14</sup>

The largest single element of this cost over the whole period is expected to be the loss of revenues from road fuel duty. Current public investment in net zero was said to be around £5.6 billion a year for the years 2021 to 2025 and forecast to increase to £17 billion in 2030.<sup>15</sup>

## Public finance institutions

The UK has several institutions that seek to cooperate with the private sector on delivering new energy infrastructure. These bodies aim to target different parts of the investment landscape, to provide options for projects at all stages of development.

### The UK Infrastructure Bank

The [UK Infrastructure Bank](#) (UKIB) is a bank owned by HM Treasury, established in 2020 with the aim of increasing infrastructure investment to help tackle climate change and promote economic growth across the regions and nations of the United Kingdom. The bank has £22 billion of finance, of which £8 billion is for equity and debt, and £10 billion is for guarantees. These are effectively insurance mechanisms that can be called on by a private investor in certain conditions, and are used to reduce perceived risk, and therefore unlock, private investment.

The bank must generate a positive financial return (meaning it does not offer concessionary lending) but seeks to mobilise private finance alongside its investments. Example investments include £24 million equity in Cornish Lithium (who are seeking to extract lithium from a Cornish site), and £45 million in debt for Gridserve (an electric vehicle charge point operator).

For private sector transactions, the UKIB has a minimum investment requirement of £25 million, meaning it is more focused on established companies scaling infrastructure assets than on early-stage technologies.

Since it was established three years ago, the UK Infrastructure Bank has committed £3.3 billion and secured nearly £11 billion in private investment.<sup>16</sup>

### Great British Nuclear

[Great British Nuclear](#) is an executive non-departmental public body, set up in March 2023, that supports the development of civil nuclear energy in the UK by providing the private sector with better opportunities to build and invest.

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<sup>14</sup> OBR, [Fiscal risks and sustainability](#), July 2023

<sup>15</sup> It is important to note that these figures exclude costs of levies on energy bills as the OBR's focus is on the public finances.

<sup>16</sup> HM Treasury, [Boost for new National Wealth Fund to unlock private investment](#), 9 July 2024

The government has also previously supported nuclear through a guarantee. As part of the original investment deal for Hinkley Point C between French developer EDF and Chinese developer CGN, in September 2015 the [government agreed a £2 billion guarantee](#).<sup>17</sup>

### British Business Bank

The [British Business Bank](#) (BBB) is owned by the Department for Business and Trade and aims to drive sustainable growth across the UK. It was formally created in 2014 and works to increase the supply of credit to small and medium enterprises (SMEs) as well as business advice services. As it is focused on SMEs, it targets a slightly earlier part of the business scale-up journey than the UKIB.

The BBB operates several different funds which apply to different types of companies, and different regions. It also hosted several pandemic-related support programmes, such as the Bounce Back Loan Scheme, and the Covid Business Interruption Loan scheme.

At the end of the 2022-23 financial year, the bank was supporting over 90,000 businesses with £12.4 billion finance through its core finance programmes.<sup>18</sup>

### Innovate UK

[Innovate UK](#) is the UK's innovation agency. It offers funding for research and early-stage companies across several programs.

Much of this funding is grant based (meaning it has no expectation of a return). However, some grants supported through Innovate require “match funding”, where the company can source the same amount of funding as the grant from a private investor. Innovate UK also started to offer innovation loans from 2017; with £80 million committed to over 100 applicants.<sup>19</sup>

As Innovate UK works with early-stage companies and research, it targets the earliest part of a new company's scale-up journey.

### UK export finance

[UK export finance](#) is an export credit agency specifically for UK companies seeking to export. Export finance relates to loans, insurance policies, and bank guarantees that support international trade.

UK Export finance is a long-established public finance institution, having been in operation for over 100 years.

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<sup>17</sup> Gov.uk, [£2 billion support for Hinkley Point](#), 21 September 2015

<sup>18</sup> British Business Bank, Press release: [British Business Bank supports more than £12.4bn of finance through its core programmes and meets its objectives, but reports a loss for 2022/23 due to falls in market valuations](#), 25 September 2023

<sup>19</sup> As of January 2022: UKRI, [Innovation loans](#)



## Proposed new public finance bodies

The government has announced two new public finance bodies: GB Energy, and the National Wealth Fund (NWF).

The National Wealth Fund (NWF) was proposed as part of Labour's election [manifesto mission to kickstart economic growth](#). The NWF will support the growth and clean energy missions. The NWF is under development, and as announced by the Chancellor, [it will initially have £7.3 billion of funding](#), allocated through the UKIB.<sup>20</sup>

A [NWF Taskforce has been established](#) by the Chancellor that will be chaired by Dr Rhian-Mari Thomas OBE, CEO of the Green Finance Institute.

A National Wealth Fund Bill was announced as part of the [King's Speech in July 2024](#).

The government has said it will provide £8.3 billion for GB Energy over the course of this Parliament. In addition to the £7.3 billion for the National Wealth Fund, this creates a total additional funding across these two new bodies of £15.6 billion.

This is lower than the £50 billion additional funding the CCC referred to, and also lower than the £28 billion Labour had previously said they would commit to as part of their "green prosperity plan" (reduced in February 2024 to less than £15 billion<sup>21</sup>). However, it is important to note that this is solely the public capital element of the funding.

Public capital can be used to 'unlock' or 'crowd-in' additional private capital, either on a matched funding basis, (where the government invests the same amount as private investors) or a higher proportion of private investment, which precedent has shown can be as much as five times the amount of public capital invested. The government has not set any criteria on the crowding-in ratio for either GB Energy or the National Wealth Fund, which would be set on a deal-by-deal basis.

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<sup>20</sup> Gov.uk, [Boost for new National Wealth Fund to unlock private investment](#), 9 July 2024

<sup>21</sup> Guardian, [Labour cuts £28bn green investment pledge by half](#), 8 February 2024

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## 2 Great British Energy Bill

### 2.1 Overview

The Great British Energy Bill includes provisions to designate a new company, Great British Energy (GBE) and establish its objectives, financial support and strategic priorities.

As set out in the government's [GBE founding statement](#):

Great British Energy will be a publicly-owned energy company, designed to drive clean energy deployment, boost energy independence, create jobs and ensure UK taxpayers, billpayers and communities reap the benefits of clean, secure, home-grown energy.<sup>22</sup>

In recognition of the leading role that Scotland plays in the development of renewable energy, GBE would be [headquartered in Scotland](#), although the final location of the headquarters is to be decided. The UK Government is in discussions with the Scottish Government on how GBE could support investment in Scotland and the UK Government is working with all devolved nations on investment plans.<sup>23</sup>

A website for [Great British Energy](#) has been set up, which provides details of what GBE is intended to deliver and its initial priorities:

- Co-investing in new technologies, such as floating offshore wind, tidal power and hydrogen.
- Scale and accelerate mature technologies, such as wind, solar and nuclear.
- Scale up municipal and community energy, to develop 8 gigawatts of small and medium-scale community energy projects.

The government does not intend that GBE will operate as an energy retailer selling energy directly to customers.<sup>24</sup>

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<sup>22</sup> Department for Energy Security and Net Zero, [Great British Energy Founding Statement](#), 25 July 2024, section 3

<sup>23</sup> Department for Energy Security and Net Zero, [Great British Energy Founding Statement](#), 25 July 2024, section 3

<sup>24</sup> [Explanatory Notes to the Great British Energy Bill 005 2024-25](#) (PDF), para 5

GBE will be provided with an initial £8.3 billion over the course of the current Parliament.<sup>25</sup> It is expected that this will “help signal commitment to these technologies and help crowd-in private investment”.<sup>26</sup>

## Aims of GBE

The government has set a mission to ‘[make Britain a clean energy superpower](#)’ and to decarbonise the power system by 2030. This will require significant investment in new, low-carbon generating capacity, which the government sees as the fastest to deploy and the cheapest to build.

The government intends for GBE to work alongside the private sector to drive this investment. In particular, GBE will invest in less mature technologies, which the government hopes will give the private sector more confidence to invest in these technologies. Although some of the targets are for 2030, GBE will continue to exist beyond this.

The government also intends for GBE to deliver in the following areas:

- **Ownership:** in line with other European countries that have publicly owned energy companies, GBE will aim to invest in energy projects that will return a profit for the benefit of UK taxpayers and communities.
- **Energy independence:** by supporting the deployment of home-grown power generation such as renewables, nuclear, hydrogen, and carbon capture and storage, the government expects to reduce the UK’s dependence on imported fossil fuels, which it claims can create economic and security risks.
- **Job creation:** GBE is expected to increase the number of jobs in the clean energy sector.
- **Supporting billpayers:** the government sees the transition to home-grown energy production as the best way to protect consumers from volatile international energy markets. As a publicly owned company, GBE is expected to produce profits and the government is assessing the best way to distribute these benefits.

## Structure of GBE

GBE would be an operationally independent company wholly owned by the Secretary of State for Energy Security and Net Zero.

GBE would be overseen by an independent fiduciary Board. Juergen Maier CBE, the former chief executive of Siemens in the UK, has been appointed as [the first chair of GBE](#).

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<sup>25</sup> [Explanatory Notes to the Great British Energy Bill 005 2024-25](#) (PDF), para 29

<sup>26</sup> Department for Energy Security and Net Zero, [Great British Energy Founding Statement](#), 25 July 2024, section 4.1

Provisions in the bill would require GBE to set out its strategic objectives and agree a framework document with the Secretary of State, which would be laid before Parliament. The government intends that the objectives and governance will initially be developed with flexibility, to allow the company to take on a long-term role that drives value for UK taxpayers, billpayers and communities. GBE would work towards being a financially sustainable and self-financing organisation in the long term that reinvests its returns into new projects.<sup>27</sup>

## Functions of GBE

The [GBE founding statement](#) sets out five main functions for GBE:

- **Project investment and ownership:** GBE would invest in and own clean power generation assets, particularly less developed technologies such as floating wind and carbon capture. This would involve GBE owning, managing and operating all or part of the projects it invests in. It would work with the National Wealth Fund, UK Infrastructure Bank and other stakeholders in developing its investment offer.
- **Project development:** GBE would support the development of clean energy technologies in all parts of the UK, both onshore and offshore. This would include upfront development work such as planning permissions, grid access and environmental surveys and land assessments, allowing private sector developers to focus on project construction. In particular, GBE would work with the Crown Estate on project development through a new division 'Great British Energy: The Crown Estate' (see next section).
- **Local Power Plan:** initially put forward as part of Labour's manifesto mission to [Make Britain a clean energy superpower](#), the Local Power Plan aims to deploy more distributed power generation projects to support a more decentralised and resilient energy system. GBE would partner with local and combined authorities and community energy groups to roll out small and medium renewable energy projects, using established technologies such as wind and solar. The government expects a total of up to 8 gigawatts of capacity. The Local Power Plan is intended to give communities a stake in the energy transition and could include shared owner of projects with private developers. GBE would also support the Plan with commercial and technical assistance along with coordinating with other relevant stakeholders such as the UK Infrastructure Bank.
- **Supply chain:** GBE would work with DESNZ, the Crown Estate, the National Wealth Fund and industry to deliver a package of support for UK clean energy supply chains. It is intended that this will help

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<sup>27</sup> Department for Energy Security and Net Zero, [Great British Energy Founding Statement](#), 25 July 2024, section 5

accelerate the deployment of clean energy and increase the number of jobs in the sector.

- Great British Nuclear: [Great British Nuclear](#) is an executive non-departmental public body, set up in March 2023, that supports the development of civil nuclear energy in the UK. The government is exploring how GBE can best align with Great British Nuclear.

## GBE and the Crown Estate

[GBE would form a partnership with the Crown Estate](#) which was announced by the Prime Minister and Secretary of State on 25 July 2024.

The [Crown Estate](#) is an independent business established by an Act of Parliament in 1961. It is not the private property of the King, nor is it owned by the UK Government. Its assets are hereditary possessions of the Sovereign held ‘in right of the Crown’. The Crown Estate owns and manages large parts of the UK’s rural land and the seabed “for the benefit of the nation”.

The Crown Estate plays a significant [role in the deployment of renewable energy](#), mainly by identifying and leasing suitable seabed sites for offshore wind development and awarding rights for extensions to existing projects. It currently has [11.8 gigawatts of offshore wind capacity](#) operating across its seabed holdings. It also supports other types of marine renewables and carbon sequestration.

The Crown Estate estimates that the partnership with GBE would lead to up to 20 to 30 gigawatts of new offshore wind developments reaching seabed lease stage by 2030.<sup>28</sup>

The [GBE founding statement](#) explains that the Crown Estate would establish a new division called ‘Great British Energy: The Crown Estate’ that would:

- Bring forward new offshore wind developments that DESNZ estimates could leverage up to £30 billion to £60 billion of private investment.
- Support new technologies such as floating wind, hydrogen, carbon capture and tidal energy.
- Invest in ports and the supply chain.
- Reduce the risks for future developments to allow faster build rates.

The government has introduced, in the House of Lords, a [Crown Estate Bill](#) that aims to modernise the Crown Estate.

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<sup>28</sup> Prime Minister’s Office, [New Great British Energy partnership launched to turbocharge energy independence](#), 25 July 2024

## 2.2

# Great British Energy Bill 2024-25: Clauses

## Clause 1: designate a company as Great British Energy

Great British Energy (GBE) would be set up as a UK company under the [Companies Act 2006](#) and would be required to follow UK company law. This bill would provide for certain modifications to the company regime to be followed by GBE.<sup>29</sup>

Clause 1 would grant the Secretary of State (SoS) the power to designate a company as GBE only where it is wholly owned by the Crown. A company would be wholly owned by the Crown if every share was held by a Minister of the Crown or their nominee, or a company wholly owned by the Crown or their nominee. A Minister of the Crown is defined as the holder of an office in the UK Government, including the Treasury, the Board of Trade and the Defence Council.<sup>30</sup>

The SoS would be able to make a designation by giving notice specifying when the designation takes effect. The notice must be published as soon as reasonably practical after it is given.

The SoS would have the power to revoke the designation of the company as GBE. The designation would also be revoked if the company ceased to be entirely owned by the Crown.

This clause would exempt GBE from the company law requirement to include the word 'limited' in its name.

## Clause 2: Crown status

This clause provides that GBE will not have Crown status. As such, GBE will not enjoy any status, immunity or privilege of the Crown. Also, any property of GBE will not be regarded as the property of the Crown.

## Clause 3: Objectives of GBE

All companies in the UK must have an agreed constitution setting out how the company will run. This document is called the articles of association, and it must be filed with Companies House upon registering a company. The articles govern how the company must be run and are enforceable by law.<sup>31</sup>

Companies may choose to include a statement of objects in their articles of association.<sup>32</sup> A statement of objects may limit the purpose, scope or range of activities a company can perform. Company directors have a legal duty to act

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<sup>29</sup> [Explanatory Notes to the Great British Energy Bill 005 2024-25](#) (PDF), para 8

<sup>30</sup> [Ministers of the Crown Act 1975](#), s8 (1)

<sup>31</sup> [Companies Act 2006](#), s18

<sup>32</sup> [Companies Act 2006](#), s31

within the powers and scope of the company's constitution and are therefore bound by a statement of objects.<sup>33</sup> The Library briefing [Company registration in the UK](#) (May 2024) provides more information about company constitutions.

Clause 3 would mandate that GBE includes a statement of objects within its articles of association. The objects would restrict the company to only facilitating, encouraging, and participating in:

- the production, distribution, storage and supply of clean energy (meaning energy not produced from fossil fuels),
- the reduction of greenhouse gas emissions from energy produced from fossil fuels,
- improvements in energy efficiency, and
- measures for ensuring the security of the supply of energy.

## Clause 4: Financial assistance

The main purpose of clause 4 of the bill is to give the government power to provide financial assistance to GBE or incur costs or liabilities, under conditions the SoS considers appropriate.

There is a general agreement between Parliament and HM Treasury (known as the Baldwin convention) that nearly all government spending should be authorised by specific Acts of Parliament.<sup>34</sup> Clauses like this one are often used in legislation to provide this authorisation. For example, very similar phrasing appears in section 320 of the Energy Act 2023, which set up Great British Nuclear.<sup>35</sup>

Subsection 2 of clause 4 contains specific examples of financial assistance the government would provide. The assistance might take any form, including a grant, a loan, a guarantee or indemnity, and an acquisition of shares, businesses or assets. The government could also provide assistance subject to a contract or by incurring expenditure that benefits GBE. The explanatory notes to the bill say that provision of financial assistance would follow the usual practice and comply with the government's "agreed financial framework and Treasury delegation".<sup>36</sup>

As the bill authorises new public expenditure, a [money resolution](#) will be laid before the Commons.

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<sup>33</sup> [Companies Act 2006](#), s171

<sup>34</sup> Erskine May, [Legislative authorisation for objects of expenditure](#) (paragraph 33.11)

<sup>35</sup> [Energy Act 2023](#), s320

<sup>36</sup> Formally, HM Treasury is responsible for all government spending, but it delegates this authority to other government departments, within certain limits. Treasury delegation is explained in Annex 2.2 of HM Treasury's [Managing public money](#).

According to the explanatory notes, the government would provide £8.3 billion to support GBE over the course of this Parliament, which is in line with Labour’s manifesto promise.<sup>37</sup> The bill itself does not give details of the financial allocation to GBE, but merely provides a statutory footing for future investment in this publicly owned company.

Any future funding would be provided by Parliament through the Estimates process.<sup>38</sup>

### Subsidy control

Any future government investment in GBE made using powers in clause 4, as well as other payments benefiting the GBE, is likely to need to consider the subsidy control requirements established by the [Subsidy Control Act 2022](#) (SCA). This applies to the government’s exercise of any power conferred by primary legislation.<sup>39</sup>

The SCA outlines principles that public authorities must follow to minimise any negative impact of their subsidies on competition and investment. Subsidies are defined broadly, including various forms of financial assistance. When assessing a public subsidy, public bodies consider both real and potential effects of the measure on the UK internal market and international trade and investment, such as trade with the EU.<sup>40</sup>

The government intends for GBE “to invest in, own, and develop clean energy projects in order to derisk and accelerate the delivery of projects and provide support where there is a market gap”, that is, projects that private businesses have not shown much interest in.<sup>41</sup> This suggests that consideration would be given to the effects the government’s financial assistance might have on the commercial market and the potential crowding out of private investment.

## Clause 5: Strategic priorities and plans

Clause 5 would require the Secretary of State to prepare a statement of principles for GBE. This statement must be laid before Parliament. The explanatory notes set out that the intention of the statement is to:

provide Great British Energy with a steer on where, in the Government’s view, the company should prioritise and focus its activities.<sup>42</sup>

In preparing the statement, the Secretary of State must consult with Scottish and/or Welsh Ministers, and/or the Department of the Economy in Northern

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<sup>37</sup> [Explanatory Notes to the Great British Energy Bill 005 2024-25](#) (PDF), para 29; DESNZ, Impact assessment of the Bill to establish Great British Energy, 17 July 2024, p1

<sup>38</sup> Commons Library research briefing [Main Estimates: Government spending plans for 2024/25](#) for more details on this process.

<sup>39</sup> [Subsidy Control Act 2022](#), s1 [(7)]

<sup>40</sup> [Subsidy Control Act 2022](#), s2; DBT, [UK subsidy control regime: statutory guidance](#) (PDF), chapter 2

<sup>41</sup> [Explanatory Notes to the Great British Energy Bill 005 2024-25](#) (PDF), para 3

<sup>42</sup> [Explanatory Notes to the Great British Energy Bill 005 2024-25](#) (PDF), para 17



Ireland, regarding any issues that would be within the legislative competence of any of the respective devolved legislatures.

The statement can be revised or replaced by the Secretary of State.

The articles of association (see clause 3) of GBE must provide for it to act in accordance with the strategic plans laid out in the Secretary of State's statement, or any revised statement. The explanatory notes state that the intention is for GBE to respond to any revisions within a reasonable timeframe, depending on the extent of the revisions.<sup>43</sup>

## Clause 6: Directions

Clause 6 makes provisions to allow the Secretary of State to give specific or general directions to GBE, which GBE must comply with. Before giving directions, the Secretary of State must consult with GBE and other relevant stakeholders.

The Secretary of State must lay any directions made under this section before Parliament.

The explanatory notes make the point that, given the Secretary of State will be the only shareholder in GBE, they could influence GBE under the normal provisions of company law. This clause provides for "a more precise, tailored, and expeditious form of intervention".<sup>44</sup>

However, the intention is that this provision should be used sparingly in practice and that GBE acts independently in its operations and investments. The explanatory notes give the example of Great British Nuclear, which has the same provision but has not been used since its creation in 2023.<sup>45</sup>

## Clause 7: Annual accounts and report

Under the Companies Act 2006, the directors of a company must deliver annual reports and accounts to the Registrar of Companies for each financial year.<sup>46</sup> The Library briefing [Company registration in the UK](#) (May 2024) explains the company registration and filing regime in detail.

Clause 7 would require GBE to provide a copy of those annual reports and accounts required by the Companies Act 2006 to the Secretary of State, in addition to the Registrar of Companies. It would also require the Secretary of State to lay a copy of GBE's accounts before Parliament.

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<sup>43</sup> [Explanatory Notes to the Great British Energy Bill 005 2024-25](#) (PDF), para 18

<sup>44</sup> [Explanatory Notes to the Great British Energy Bill 005 2024-25](#) (PDF), para 20

<sup>45</sup> [Explanatory Notes to the Great British Energy Bill 005 2024-25](#) (PDF), para 22

<sup>46</sup> [Companies Act 2006](#), s441

## Clause 8: Extent, commencement and short title

The bill extends to England, Wales, Scotland and Northern Ireland. Some aspects of the bill fall within the legislative competence of the devolved legislatures. Therefore, in accordance with the [Sewel Convention](#), the UK Government will consult with the devolved legislatures on these issues and “seek legislative consent to the extent that the provisions engage the Legislative Consent Motion process”.

The bill would come into force on the day on which the act is passed.

The short title of the act resulting from the bill would be the Great British Energy Act 2024.

## 2.3

## Delegated powers

The [Delegated Powers Memorandum](#) (PDF) prepared by DESNZ for the Delegated Powers and Regulatory Reform Committee identifies the provisions of the bill that confer powers on the SoS to make directions and prepare strategic plans or statements.

The memorandum states that the bill does not contain any delegated legislative powers exercisable by statutory instrument.

The bill does provide that the Secretary of State must prepare and lay before Parliament a statement of strategic priorities for GBE (clause 5); and enables the Secretary of State to give specific or general directions to GBE, with which it must comply, and which must be published (clause 6). These measures, the memorandum states, will:

provide some scope for the Secretary of State to steer and direct GBE’s operations and arguably have some degree of legislative character in view of their potential legal effects in relation to GBE’s activities.<sup>47</sup>

The justification for the power taken in clause 5 is that the department considers that the preparation of a strategic statement would be an executive, rather than legislative, function and is not the type of document suited to a formal use of Parliament’s time. However, the statement will be laid before Parliament, which will allow Parliament to engage if it considers it necessary.

The justification for the power taken in clause 6 (for the SoS to provide directions to GBE) is to ensure that the SoS can easily and dynamically influence GBE. It will also create clear lines of responsibility and accountability as between the SoS and GBE. Any directions issued by the SoS

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<sup>47</sup> Department of Energy Security and Net Zero, [Great British Energy Bill – delegated power memorandum](#) (PDF), 25 July 2024

will be laid before Parliament making any actions taken as a result of such directions accountable to Parliament and the public.

## 2.4 Impact Assessment

The [Impact Assessment](#) (PDF), prepared by DESNZ considers the impacts of the legislation to establish GBE.

The impact assessment does not include details of the financial allocation to GBE. It concludes that the impacts of the legislation to establish GBE will be minimal.

Primary costs associated with setting up GBE include a departmental team, although the government has not provided an estimate of the number of direct, full-time staff or contracted staff required. The government has also committed to providing £8.3 billion over the next Parliament to GBE to deliver its objectives. In general, establishing GBE, if it delivers on its stated policy objectives, could mitigate the following market failures identified in the impact assessment:

- Externalities: private companies focus on achieving a return on investments rather than any wider social benefits such as lower energy bills or emissions reductions.
- Barriers to entry and information failure: clean energy projects have high up-front capital costs with uncertainty about returns on investment.
- Coordination failure: clean energy projects require significant pre-development work across numerous public bodies that is costly and time consuming.

## 3 Reaction to the bill

### 3.1 Stakeholder views

In an opinion piece for the Guardian, [Great British Energy is becoming a reality – bringing with it cheap, clean and secure energy](#) (July 2024), the Secretary of State for Energy Security and Net Zero, Ed Miliband, set out the government’s case for GBE:

Great British Energy will prove the case for 21st-century, modern public ownership – a dynamic state in partnership with workers, industry and unions, serving communities with cheap, clean and more secure energy, and we’re doing it in a way that will deliver economic prosperity to every home, business and community across the UK.<sup>48</sup>

Sky News, in an analysis piece [GB Energy: The burning question facing ministers on UK-owned clean power](#) (July 2024) noted that GBE signals Labour’s commitment to net zero but suggests that there are many aspects to delivering this target. It questions whether GBE will deliver the expected savings on consumer energy bills over the course of the Parliament.<sup>49</sup>

Energy Voice, an energy news publication, reported in July 2024 on the introduction of the GBE Bill in an article [Scotland will lead energy revolution, says Starmer as GB Energy bill introduced](#) (July 2024). The article focused on the fact that it would be headquartered in Scotland. The article also noted the support of the representative body Offshore Energies UK, whose CEO was reported as saying “GB Energy must be a positive step to bring confidence to the market, unlock further private investment and grow the UK’s supply chain” and Energy UK, whose CEO said “the best way to make sure that the public benefits from GB Energy and that the economy grows, is to complement – rather than duplicate – the investment, expertise and experience of the private sector”.<sup>50</sup>

However, an opinion piece in Energy Voice [Already starving, GB Energy staggers into life](#) (August 2024) stated that:

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<sup>48</sup> The Guardian, [Great British Energy is becoming a reality – bringing with it cheap, clean and secure energy](#), 25 July 2024

<sup>49</sup> Sky News, [GB Energy: The burning question facing ministers on UK-owned clean power](#), 25 July 2024

<sup>50</sup> Energy Voice, [Scotland will lead energy revolution, says Starmer as GB Energy bill introduced](#), 25 July 2024

£8.3billion scraped across five years like cheap margarine is an insult to the massive task ahead and it would come as no surprise if the UK's 2030 low carbon energy targets are missed.<sup>51</sup>

Current+, a news publication focusing on the energy transition, reported on the GBE Bill in its article [Great British Energy in more detail](#) (July 2024). The article reported on a mixed response from industry that was positive in terms of the speed at which GBE policy had been advanced but raised concerns regarding GBE's role supporting Great British Nuclear.

New Civil Engineer magazine published an article [Great British Energy Bill to 'accelerate investment in renewable energy' with £8.3bn backing](#) (July 2024) that summarised the plans for GBE. The article reported on responses from companies in the energy industry, which were generally positive but also said that 'strategic thinking' was called for. For example, the consultancy firm Charles River Associates said:

Success for GB Energy will depend on strong investment strategies, a deep understanding of the energy system, and the ability to build robust businesses.<sup>52</sup>

The article also reported on a positive response from the Trades Union Congress, whose representative said:

Setting GB Energy up to build new clean power can create good jobs, speed up climate action and make the UK better-off.<sup>53</sup>

The ENDS Report magazine published an article [GB Energy Bill: What you need to know about Labour's £60bn renewables investment plan](#) (July 2024) that also summarised the government's plans for GBE. The article noted a generally positive response from green campaign groups, such as Uplift who said:

GB Energy is part of the change we need to fix Britain's broken energy system so that it starts working for workers and bill payers and not just profit-hungry energy giants.<sup>54</sup>

The article also noted that there had been calls to include an amendment to the Bill that would ensure the new energy infrastructure is "nature positive".

The Energy Saving Trust provided a general summary of the plans for GBE in its blog post [Great British Energy: what we know so far](#) (July 2024).

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<sup>51</sup> Energy Voice, [Already starving. GB Energy staggers into life](#), 5 August 2024

<sup>52</sup> New Civil Engineer, [Great British Energy Bill to 'accelerate investment in renewable energy' with £8.3bn backing](#), 18 July 2024

<sup>53</sup> New Civil Engineer, [Great British Energy Bill to 'accelerate investment in renewable energy' with £8.3bn backing](#), 18 July 2024

<sup>54</sup> ENDS Report, [GB Energy Bill: What you need to know about Labour's £60bn renewables investment plan](#), 26 July 2024

## 3.2

# Parliamentary debate

## Debate on the King’s Speech in the Commons

The bill was discussed in both the Commons and Lords during the [King’s Speech debates that took place between 18 and 25 July 2024](#).

In the [General debate of King’s Speech](#) (17 July 2024), Peter Dowd (Lab), who moved the debate, noted that GBE would be fundamental in “advancing investment into renewable energy” as part of a “legislative programme based on security, fairness and opportunity for all [...] and, above all, on service to our communities, our constituencies and our country.”<sup>55</sup>

Speaking for the Official Opposition, Rishi Sunak noted concerns that the government’s aim to decarbonise the grid by 2030 could jeopardise energy security and raise energy prices, but did not specially comment on GBE.<sup>56</sup>

Speaking for the Liberal Democrats, Ed Davey noted the need to tackle high energy bills and to maintain a high level of ambition in investing in renewables, but also did not mention GBE directly.<sup>57</sup>

Stephen Flynn, speaking for the SNP, questioned the level of ambition the government was showing with GBE given that:

If I have read correctly, a cumulative £8.3 billion will go towards GB Energy over the next five years—£1.6 billion each and every year—but one hydro pump storage project in Scotland would almost blow that entire budget apart.<sup>58</sup>

He also asked for more detail on what GBE would deliver and suggested that the headquarters of GBE should be in Aberdeen.

Sammy Wilson, speaking for the DUP, spoke about the dependence of economic growth on cheap energy. He questioned the claim that government commitments would result in lower energy bills, suggesting that the need to build new energy infrastructure would initially raise energy bills. He did not specifically mention GBE.<sup>59</sup>

GBE was mentioned by other contributors, including Sir Mark Hendrick (Lab), who had previously sat on the Energy Security and Net Zero Committee, who welcomed the announcement to set up GBE as a way to cut energy bills and

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<sup>55</sup> [HC Deb 17 July 2024](#) c44

<sup>56</sup> [HC Deb 17 July 2024](#) c53

<sup>57</sup> [HC Deb 17 July 2024](#) c64

<sup>58</sup> [HC Deb 17 July 2024](#) c70

<sup>59</sup> [HC Deb 17 July 2024](#) c114

deliver jobs. GBE was also welcomed by Labour MPs John McDonnell,<sup>60</sup> Ruth Jones<sup>61</sup> and Olivia Blake.<sup>62</sup>

Sir Bernard Jenkin (Con) questioned the ability of GBE to make an impact, saying:

What about a new Great British Energy? I do not suppose that is going to be quite like the old Central Electricity Generating Board, but the limits on its authority and spending power make it rather less significant.<sup>63</sup>

Robert Jenrick (Con) also questioned the prospect of GBE, stating that:

New quangos, such as Great British Energy, will spring up, serving no apparent purpose and taking inspiration from predecessors such as Robin Hood Energy in Nottingham, in my part of the world. That failed project wasted £50 million of taxpayers' money.<sup>64</sup>

GBE was also commented on in the [Commons Debate on the address: Economy, Welfare and Public Services](#) (22 July 2024).

The Chancellor, Rachel Reeves, noted “the Great British Energy Bill to take back control of our country’s energy and create new jobs across the United Kingdom”.<sup>65</sup>

Wera Hobhouse (Lib Dem) noted the need to end the UK’s reliance on fossil fuels and drive the deployment of renewables as a means of ensuring energy security, and lowering bills. She particularly stressed the importance of community energy.<sup>66</sup>

## Debate on the King’s Speech in the Lords

GBE was discussed during the [Lords King’s Speech debate: Energy, the environment and housing](#) (18 July 2024).

The Minister of State for the Department for Energy Security and Net Zero (Lord Hunt of Kings Heath) noted that:

Headquartered in Scotland, Great British Energy will encourage, own and develop clean energy projects of all sizes across the country. It is highly unlikely that the scale and pace of investment required to decarbonise the electricity system could be achieved by the private sector alone within the current institutional and policy framework. This new public energy company, alongside additional electricity market reforms, can provide the spark we

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<sup>60</sup> [HC Deb 17 July 2024](#) c72

<sup>61</sup> [HC Deb 17 July 2024](#) c108

<sup>62</sup> [HC Deb 17 July 2024](#) c134

<sup>63</sup> [HC Deb 17 July 2024](#) c75

<sup>64</sup> [HC Deb 17 July 2024](#) c85 Note: Robin Hood Energy was a not-for-profit company launched by Nottingham City Council in 2015. It was an energy retailer that supplied gas and electricity to domestic and non-domestic customers. The company was [sold to Centrica in September 2020](#) with a loss of £38 million as reported in the [Nottingham City Council: rapid review](#) (December 2020).

<sup>65</sup> [HC Deb 22 July 2024](#), c419

<sup>66</sup> [HC Deb 22 July 2024](#), c431

need, supporting and encouraging private investment. Working in conjunction with industry, Great British Energy will help substantially expand our renewable capacity by the end of this decade.<sup>67</sup>

Lord Roborough (Con) questioned the ability of government investment decisions, saying:

it appears that Great British Energy will be targeting investments that private capital alone will not finance. That does not fill our Benches with confidence that these investments will necessarily be judicious.<sup>68</sup>

He asked for assurances that the performance of GBE investments would be regularly reported to Parliament.

Earl Russell (LD) welcomed Labour's plans to make the UK a clean energy superpower and the creation of GBE, but also stressed the importance of community energy.<sup>69</sup> GBE was also welcomed by Baroness Hayman (crossbench), Baroness Liddell of Coatdyke (Lab), Baroness Sheehan (LD) and Baroness Parminter (LD).

Baroness Ritchie of Downpatrick (Lab) noted that the GBE Bill applies to the whole of the UK and asked for assurance that the bill would not undermine the all-island electricity market in Ireland.<sup>70</sup>

Lord Lilley (Con) questioned whether the government's ambitions to drive the deployment of renewables would lead to cheaper energy. He said:

There is a respectable case for saying that we must incur higher costs and forgo cheap energy to prevent the impact of climate change on future generations, but it is surely unlikely that this will be costless, let alone miraculously provide a cornucopia of cheap energy and rapid growth. I therefore urge Ministers to ask their officials why, if it is cheaper, renewable energy needs subsidies.<sup>71</sup>

In response to issues raised, the Parliamentary Under-Secretary of State, Department for Environment, Food and Rural Affairs (Baroness Hayman of Ullock) noted that:

The cost to the taxpayer of [GBE's] set-up and investments will be carefully managed and monitored through Parliament, and investments will be subject to safeguards and risk assessments, similar to established public finance institutions.

[...]

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<sup>67</sup> [HL Deb 18 July 2024](#), c33

<sup>68</sup> [HL Deb 18 July 2024](#), c36

<sup>69</sup> [HL Deb 18 July 2024](#), c40

<sup>70</sup> [HL Deb 18 July 2024](#), c82

<sup>71</sup> [HL Deb 18 July 2024](#), c52



In contrast to government subsidies, Great British Energy will make revenue-generating investments, which as well as helping to drive our clean power mission will deliver a financial return to UK taxpayers.<sup>72</sup>

GBE was also noted briefly during the [Lords King's Speech debate: Economic growth, infrastructure and employment](#) (22 July 2024).

## Statement by Ed Miliband on clean energy mission

On 18 July 2024, Ed Miliband made a statement in the House of Commons on the government's [Clean Energy Superpower Mission](#). In the statement, he noted the urgency of the challenges related to energy insecurity and the cost of living crisis. It also noted the Climate Change Committee's 2024 Progress report (see section 4.1), which had concluded that the UK is not on track to meet its 2030 emission reduction target.

Ed Miliband set out the next steps he would be taking:

- Lift the ban on onshore wind (a [Policy statement on onshore wind](#) was published on 8 July 2024 removing some restrictions on onshore wind in the National Planning Policy Framework (NPPF)).
- Publish a solar road map with greater ambition and reconvene the [solar taskforce](#) deployment of to deliver that objective.
- Report in early August on the allocation budget for the next round of auctions for the [Contracts for Difference \(CfD\)](#) renewable energy support scheme.
- Introduce the Great British Energy Bill.

In response, the shadow Secretary of State, Claire Coutinho, questioned the impact that decarbonising the grid by 2030 might have on energy bills and security of supply. She also raised concerns that Labour plans to accelerate deployment of energy infrastructure would impact rural communities and come at the expense of food or national security.

## Debate on making Britain a clean energy superpower

A debate was held in the Commons on [Making Britain a Clean Energy Superpower](#) (26 July 2024) – see the [Library briefing on the debate](#) for further details.

Moving the debate for the government, the Parliamentary Under-Secretary of State for Energy Security and Net Zero, Michael Shanks, provided a summary of the role to be played by GBE, including delivering a return for British

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<sup>72</sup> [HL Deb 18 July 2024](#), c126

taxpayers, its partnership with the Crown Estate, and being headquartered in Scotland.<sup>73</sup>

Claire Coutinho questioned the claim that GBE projects would all make a return on investment, stating:

I believe he said that “every single project” will make a return, but the slice of the pie that they want to invest in is the slice that even businesses do not think they can make money from. That is what de-risking means. Members should ask on what basis the Secretary of State thinks that he can turn a profit for the British taxpayer when highly experienced energy companies believe that they cannot.<sup>74</sup>

She also suggested that the £8.3 billion of capitalisation funding would not be sufficient to make a difference in the energy transition.

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<sup>73</sup> [HC Deb 26 July 2024](#), cc939-941

<sup>74</sup> [HC Deb 26 July 2024](#), cc939-948

## 4 How bills go through Parliament

Bills can be introduced in either the House of Commons or the House of Lords. They can be amended but the entire text has to be agreed by both Houses before they can receive Royal Assent and become law. In both Houses, bills go through the same stages although there are slight differences in the practices of the two Houses.

### 4.1 Commons stages

A bill that is introduced in the House of Commons will go through the following stages.

- First reading sees the formal introduction of a bill, when a clerk reads out the name of the bill in the Commons chamber. The first reading of the Great British Energy Bill was held on 25 July 2024. There is no debate at this stage. Bills cannot be published before their introduction. Government bills are usually published immediately after introduction.
- Second reading debate is the first time MPs debate a bill. They discuss the purpose of the bill. Debates are usually scheduled to take a full day (five to six hours). The second reading of the Great British Energy Bill is scheduled for Thursday 5 September. At the end of the debate, MPs decide whether it should pass to the next stage. Sometimes a ‘reasoned amendment’, which sets out the reasons to reject a bill, is tabled. If this is agreed to, or if the bill is simply voted down, the bill cannot make any further progress. No amendments are made to the bill itself at this stage.
- Committee stage is usually conducted by a small number of MPs (usually 17) in a public bill committee but sometimes bills can be considered in detail in the Commons Chamber by all MPs in a Committee of the whole House. The committee debates and decides whether amendments should be made to the bill and whether each clause and schedule should be included.
- Report stage takes place in the Commons Chamber and involves MPs considering the bill as agreed at committee stage. MPs can also propose further amendments which can be voted on.
- Amendments at committee and report stage can leave out words, substitute words and add words, including whole clauses and schedules. They can be proposed by backbench and frontbench MPs. The Speaker or the chair of the committee selects and groups amendments to debate.

- Third reading, usually on the same day as report stage, is the final chance for MPs to debate the contents of a bill before it goes to the House of Lords. It's usually a short debate and changes cannot be made at this stage in the Commons. At the end of the debate, the House decides whether to approve the bill and therefore pass it onto the House of Lords.

## 4.2

### 2.2 Lords stages

Bills introduced in the Lords go through the same process, completing all stages in the Lords before being sent to the Commons.

The House of Lords respects the Commons' primacy on financial matters and does not usually amend Finance Bills (those that implement the Budget) or money bills.

Members of the House of Lords debate the bill, going through the same stages as in the Commons. Key differences between the two Houses are that in the Lords, committee stage usually takes place on the floor of the House and a bill can be amended at third reading.

Most bills are considered by a committee of the whole House in the House of Lords. Some are referred to the Lords Grand Committee – which all members can attend. However, divisions (votes) are not permitted in the Grand Committee and any amendments made have to be agreed to without a division.

The Lords can also make amendments to a bill. Major points of difference should have been resolved before third reading but amendments to “tidy-up” a bill are permitted.

No party has a majority in the House of Lords and government defeats are not uncommon. For bills that have started in the House of Commons, the Lords is essentially asking MPs to think again about the subject of the amendment.

## 4.3

### ‘Ping pong’

If the Lords amend a bill that was sent from the Commons, the amendments are returned to the Commons and MPs debate the amendments proposed by the Lords. This is potentially the start of “ping-pong”, a process whereby amendments and messages about the amendments are sent backwards and forwards between the two Houses until agreement is reached.

Once agreement has been reached, the Bill receives Royal Assent, becoming law when both Houses have been notified that Royal Assent has been granted.

## 4.4

### Amendments

MPs can submit amendments, via the Public Bill Office (PBO), at three different stages of a bill: committee stage, report stage, and when a bill is returned from the Lords. Once the PBO accepts the amendment, it has been 'tabled'. If an MP wants to amend a bill during committee stage but is not a member of the committee, they will need a committee member to 'move' it for debate on their behalf.

In order to be debated, the amendment must be selected by the chair. Similar amendments may be grouped for debate to avoid repetition. For committee stage, selection and grouping is carried out by MPs from the panel of chairs chosen to chair the committee. If there is a Committee of the Whole House, the chair is the Chairman of Ways and Means (the principal Deputy Speaker). For report stage, it is the Speaker.

Amendments might not be selected for debate if they are, for example, outside the scope of a bill, vague, or tabled to the wrong part of a bill. The PBO can advise on whether an amendment is likely to be selected.

## 4.5

### Further information on bill procedure

The [MPs' Guide to Procedure](#) has a [section on bills](#).

MPs who have questions about the procedure for bills or want advice on how to amend them should contact the [Public Bill Office](#).

The Library can provide information on the background and potential impact of a bill and of amendments but cannot help MPs with drafting amendments.

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